

SECRET  
SECURITY INFORMATION

18 February 1952

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**DAILY DIGEST**

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Office of Current Intelligence

**CENTRAL INTELLIGENCE AGENCY**

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SECRET  
SECURITY INFORMATION

SECRET

SECTION 1 (SOVIET)

1. USSR. Roshchin says Sino-Soviet Treaty now has "particular significance": According to Radio Peiping, Soviet Ambassador Roshchin, speaking at the Sino-Soviet Friendship Association on the second anniversary of the Sino-Soviet Treaty, referred to the "brotherly concord and close economic co-operation" resulting from the alliance. Calling the past an "unequalled force for peace," he concluded that "in the present complex international situation, the full significance of the treaty makes itself felt with particular effect." (R FBIS Ticker Peking, 15 Feb 52)

Comment: Roshchin's speech is in line with Moscow's propaganda treatment of the treaty which, while admitting that the alliance is a "bulwark for peace," also emphasizes the benefits of economic cooperation implicit in the treaty and makes no claim, as does Peiping, that the pact deters the US from expanding the Korean conflict.

2. POLAND. Polish Government offers fishermen special incentives: The Polish Government has passed a resolution providing special benefits for sea fishermen to help raise production from the 72,000-ton catch of 1951 to 126,000 tons for 1952. The resolution stipulates that the government will lease extra housing to independent fishermen from May through November, provide coal aid and meat and fat ration coupons, and provide a monthly premium for fulfilling the plan. (R Warsaw 538, 15 Feb 52)

Comment: Last August, and again in a revision of the plan in November, the government organized extensive economic benefits for farmers who would contract to breed and deliver hogs to the State.

These special incentive plans appealing to the independent producer are strong proof that the State's economic planning has failed signally in at least these sectors of the economy.

3. RUMANIA. Radio jamming reportedly increased: Voice of America, BBC, and other English and French broadcasts are heard with increasing difficulty in Bucharest, Galati, and Braila, according to Rumanian refugees who arrived in Greece on 1 February. Several of these sources asserted that reception of the Voice of America had been clearest, but increased jamming in January had effectively blocked it in the Galati area.

A recent French broadcast to the Balkans stated that western news items will be increasingly scarce in Rumania, since construction work has begun on another special jamming station. (S USARMA Athens, MID 51, 8 Feb 52; R FBIS Ticker Paris, 12 Feb 52)

SECRET

SECRET

4. YUGOSLAVIA. Yugoslavs show added interest in private foreign capital: Milenko Filipovic, financial adviser of the Yugoslav Embassy in Washington, indicated to Ambassador Allen that one of the main purposes of his return to Belgrade early this year was to advise his government of the possibilities of interesting American private capital, particularly under the ECA guarantee provisions, in Yugoslav projects. Filipovic also stated that he now has to deal with Tempo Vukmanovic, Chairman of the powerful Federal Council for Industry, as well as with Finance Minister Popovic and Foreign Minister Kardelj.

A private American source told American Embassy officials that there is a difference of opinion in high Yugoslav Government circles regarding the question of the intrusion of private capital into Yugoslavia, and that Vukmanovic advocates inviting private participation. (S Belgrade Despatch 641, 9 Jan 52)

Comment: In early December, American Embassy officials were informed that a representative of a foreign syndicate, which is willing to finance the construction of an oil refinery, was negotiating with the Yugoslavs. The Embassy reported that this was the first time that any private investors have evinced interest in financing developments under the Tito regime.

A United Press story from Belgrade, datelined 31 December 1951, reported the existence of a Yugoslav plan "to lure" private capital. This article was vehemently denied by the Yugoslavs on 3 January 1952. Nonetheless, the Yugoslavs, unable to justify larger sums of foreign aid, may feel that in the case of economic development the ends justify the means. Vukmanovic's impending trip to the United States, for the announced purpose of touring American industrial projects, may well be related to Yugoslav plans designed to attract private investment.

SECRET

SECRET

SECTION 2 (EASTERN)

1. EGYPT. Student groups prepare to act against government: Egyptian university students who are members of the terrorist "Liberation Battalions" are considering demonstrations against Prime Minister Ali Maher's policy of suppressing all anti-British activities.

Other university students, members of the Wafd Party, are ready "to declare war on the new government" if such action is approved by the party's Secretary General. [redacted]

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Comment: These reports seem to show that student opposition to the new Egyptian Government, though still small-scale, is likely to increase rapidly if there is no visible progress toward solving the Anglo-Egyptian impasse. Under the Wafdist regime, Egyptian students played an important part in the anti-British demonstrations in Cairo and Alexandria, as well as in terrorist activities against British troops in the Canal zone.

2. IRAN. Prime Minister considers armed forces unfriendly to his party: Prime Minister Mossadeq considers the Iranian Army unfriendly to the National Front and has accused it of interfering in the elections. He told the American Ambassador that he had yet to find one high-ranking Iranian officer "who had not been or was not still in British service."

The Shah is responsible for the army's conduct, but Mossadeq has asserted that he could not tolerate army interference in civil affairs and that he might have to take steps to counteract it. (S Tehran AFC 35-52, 12 Feb 52)

Comment: Mossadeq and the National Front are determined to reduce the power of the Shah and to put the armed forces under direct control of the government rather than of the ruler. Since the Shah and the armed forces are the focal point of conservative opposition to Mossadeq's government, their neutralization would remove the most important non-Communist opposition.

25X1C An attempt by the National Front to penetrate the air force has recently been reported by [redacted] in Tehran. He adds, however, that National Front officers who were in important positions have been removed. The Chief of Staff, backed by the Shah, is upholding their dismissal in the face of strong pressure from National Front leaders.

3. BURMA. Soviet Union seeking trade with Burma: The American Embassy in Rangoon reports that the Soviet delegation to the recently-concluded ECAFE conference is prolonging its stay in Burma and is contacting local firms to promote trade with the USSR. The supply of illustrated pamphlets

SECRET

SECRET

used by the Russians and the arrival of a TASS correspondent just before the conference ended causes the Embassy to suspect that these Soviet activities were prearranged. (S Rangoon 1799, 14 Feb 52)

Comment: While the USSR has made broad offers of trade to India, Thailand, Ceylon and Indonesia, Burma is the first country in which it has attempted an overt, well-organized approach at economic penetration of South Asia.

Since Burma's imports are strictly controlled by licensing and almost all established business firms have trading channels with the West, Soviet success will depend largely upon collaboration by the Burmese Government.

4. Cabinet shakeup expected: The American Embassy in Rangoon reports that the Burmese Premier is expected soon to approve a Cabinet shakeup dictated by the Socialists. Changes are to include the installation of Socialist Party leader U Ba Swe as Defense Minister and the appointment of Thakin Tin, chief author of the Land Nationalization Act, to the newly-created post of Minister for Land Nationalization. The Embassy comments that this reshuffle appears to promise a stronger Cabinet and that no change in foreign policy is indicated. (S Rangoon 806, 15 Feb 52)

Comment: Both U Ba Swe and Thakin Tin are self-admitted extreme leftists who have never concealed their anti-Western attitudes and their admiration of Communist China and the USSR. They also retain friendly relations with leaders of the pro-Communist Burma Workers and Peasants Party.

The American Army Attaché in Rangoon was recently informed that Commander in Chief Ne Win was opposed to an appointment of U Ba Swe as Defense Minister and that rumors of a coup were "cropping up" again among government officials.

5. Successful anti-Communist operations reported: The American Military Attaché reports that military operations against the insurgents, particularly the Communists in the Mandalay area, are proceeding successfully. Considerable arms and equipment have been captured and some long-established Communist strongholds completely destroyed. These gains, however, will be lost unless they are rapidly followed up by civilian administration -- a development which seems doubtful. (S Rangoon 806, 15 Feb 52)

Comment: The pattern of events shown in this report has been repeated often throughout Burma. Government forces have been capable of capturing a specific objective, but when their efforts are shifted to other operations the insurgents return.

SECRET

SECRET

6. Continued friction among insurgents indicated: The Burmese press reports that Thakin Soe, head of the Red Flag Communists, is attempting to establish an underground alliance with elements of the insurgent Karen and Peoples Volunteer Organization. Thakin Soe is quoted as accusing Than Tun, leader of the Burma Communist Party, of being a "deviationist." The American Embassy in Rangoon says that although such an alliance would be a threat to the government, it also "contains the germ" of a violent split among the insurgent groups. (S Rangoon 806, 15 Feb 52)

Comment: Previously Thakin Soe has called Than Tun a deviationist, and vice versa. Although the BCP, which is generally regarded as the orthodox Communist Party, reportedly is vigorously pressing for an insurgent united front, there is reason to believe that the Red Flags were the first to seek Karen support.

The various insurgents in Burma have always been seriously divided; this report, if true, indicates that little progress has been achieved in reaching an understanding.

7. INDOCHINA. French plan attack on "third force" group: French troops may shortly launch offensive operations in Cochinchina against the jungle-based 7000-man "army" of the nationalist leader, Colonel Trinh Minh The. Although The's force is small, he has achieved a network of tentative alliances with other political groups which are both anti-Viet Minh and anti-French.

The American Legation believes that a French attack would be risky and "cannot vouch" that it would not provoke a general uprising of Vietnamese armed groups which have ostensibly been loyal to Bao Dai, possibly driving some of them into the Viet Minh camp. (S Saigon 1613, 13 Feb 52)

Comment: Colonel The, formerly chief of staff to the armed forces of the influential Cao Dai politico-religious sect, renounced any cooperation with the French in mid-1951 and established "third force" headquarters on the Cochinchina-Cambodia border. His clandestine radio transmitter has broadcast violent attacks against both the French "imperialists" and the Viet Minh.

Colonel The's principal propaganda theme, a demand for complete freedom from all foreign intervention, has an enormous emotional appeal for the Vietnamese, and he could probably count on some support from the Cao Dai group, whose adherents number in the tens of thousands.

8. CHINA. Reports describe railroad operation in West China: [REDACTED] 25X1X  
25X1X [REDACTED] traveled on the small rail-[REDACTED] 25X1X road between the Chialing River and the Samarpia coal mine, 25 miles north of Chungking, and reported it to be standard gauge and in good condition.

SECRET

SECRET

Train schedules published in November for the Sian Bureau of the Chengchow Railroad Administration list service as far west as Paochi and over a 50-mile branch line north of Sian.

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The present travel times on the Kunming Railway Administration's routes south of Kunming to Pisechai and east to Chanyi appear to an American official stationed at Kunming in 1949 to be no less than in that year.

[redacted] 17 Dec 51; U Hong Kong D-1230, 17 Dec 51; R

Manila D-970, 18 Jan 52)

Comment: These train schedules and refugee reports provide useful data on the extent of railroad reconstruction. Despite the reported restoration of the Pisechai-Indochina and Paochi-Tienshui lines, there was evidently no regular commercial service over these routes in November. On the other hand, the branch line north of Sian and the coal mine railroad near Chungking were not known to be in operation.

9. British official recommends American help to stop piracy: The British Consul at Taipei is recommending that representatives of the US 7th Fleet and the British Navy at Hong Kong confer on coordination of patrols to handle the problem of increasing piracy in the Formosan Strait. The American Consul General at Taipei says it is assumed that the pirate vessel which attacked the British ship Wing Sang on 11 February belonged to a pro-Nationalist, but not Nationalist-controlled, guerrilla group. This is the third instance of piracy in six weeks, and the ninth since July. (S Taipei 1018, 13 Feb 52)

Comment: The Commander in Chief of the Chinese Navy, who admitted that he does not control all pro-Nationalist naval forces, denied that the attacker was under his command. Most of the ships attacked by pirates have been British.

10. JAPAN. Government fears criticism over continued use of Japanese properties by American forces: Ambassador Rusk reports that the Japanese appear determined not to give the United States a flat commitment in the administrative agreement of the US-Japan Security Treaty which would allow the United States to continue using disputed facilities in Japan. However, the Japanese will grant this privilege in an exchange of notes to accompany the agreement, and in view of Japanese misgivings Ambassador Rusk recommends this approach. (S Tokyo 1689, 15 Feb 52)

Comment: The Japanese Government fears that excessive retention of Japanese facilities by the US military authorities after the treaty will lead to anti-American sentiment and may provoke the Communists and other elements unfriendly to the US to attack the government. They think that removal from

SECRET

SECRET

the body of the agreement of the US "privilege" of retaining properties not agreed upon by both governments will de-emphasize this concession to the American position.

11. Reports of arms acquisition by Communists unconfirmed: Consistent low-level intelligence reports of the acquisition, possession and even manufacture of weapons by the Japanese Communist Party remain unconfirmed, according to CINCFE. To date, only one JCP member has been apprehended with a pistol, although probably a few pistols are owned by JCP members. CINCFE believes, however, that the increased emphasis on "revolutionary struggle movements" as set forth in the 1951 thesis of the JCP may embody greater efforts toward procuring weapons. (C Dept of Army, Memo to CIA, undated)

Comment: Several alleged JCP directives contain instructions to accelerate the acquisition of arms; they refer to the establishment of a unit within the underground structure to maintain, store and distribute them.

SECRET

SECRET

SECTION 3 (WESTERN)

1. GERMANY. West German Communism meets with some success: Many West German Social Democratic leaders are convinced that Communism and its anti-rearmament theme are attracting more and more German workers, according to recent reports [REDACTED] Local party chiefs say that the rank and file of both the party and the German Federation of Trade Unions feel that their leaders are letting them down by tacitly approving rearmament under certain conditions. One top functionary asserts that the West German Communist Party has recovered from its long decline at the expense of the Social Democrats.

In contrast to these statements, Works Councils elections held in the last six months have shown a steady Communist decline. These elections, however, all antedate labor's violently adverse reaction to a pro-rearmament speech two weeks ago by the head of the Trade Unions and the latest observations of the Social Democratic leaders. Although West German industrial workers -- with the possible exceptions of the metalworkers and dockworkers -- oppose rearmament and may go along with the Communist line temporarily, they will not be inclined either to join the party in significant numbers or to participate in any Communist-inspired anti-rearmament strikes. (Factual data from: [REDACTED])

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2. AUSTRIA. Vienna discussions bring closer new try for Austrian treaty: The High Commissioners of the Western powers in Vienna have submitted recommendations to their respective governments representing considerable progress toward an agreed strategy for again seeking Soviet concurrence in an Austrian settlement. The Foreign Ministers would promptly announce Western intentions to obtain a treaty, and a new invitation would go out to the USSR to cooperate. In the event of an unsatisfactory reply, identical notes would be submitted to the Soviet Government, explaining the Western desire to submit an abbreviated treaty as "a basis" for renewed negotiations and as a means of obtaining withdrawal of the occupation forces. The notes would be accompanied by a "white paper" outlining Western efforts to obtain a treaty.

Discussions in Vienna of the proposed text of the abbreviated treaty have centered upon recommendations by one or more of the High Commissioners or by the Austrian Government setting limits on an Austrian army, prohibiting an Austro-German anschluss, and guaranteeing maintenance of democratic institutions in Austria. Some formula must yet be worked out, however, to reconcile British desires that introduction of the new text not imply the abandonment of the old, and US

SECRET

SECRET

insistence that the USSR not be enabled to choose between the two texts. (Factual data from: S Vienna 2591 and 2629, 7 and 12 Feb 52; S to Vienna 2016, 2026, and 2046, 8, 11, and 13 Feb 52; S London 3518, 13 Feb 52; S Paris 4997, 14 Feb 52)

3. ITALY. Strategic exports to Rumania suspended: The Italian Government is suspending the issuance of export licenses to Rumania in an effort to obtain the release of an Italian Legation employee arrested in Bucharest on espionage charges. Italy is not blocking shipment of embargoed equipment already licensed and paid for, however, on the grounds that such action would jeopardize the success of diplomatic negotiations for the employee's release. It believes that the temporary non-issuance of export licenses may obtain the desired result, especially since Italy has allowed its debit trade balance with Rumania to mount to 350,000 dollars. (S Rome 3548, 13 Feb 52)

Comment: Italy has consistently opposed US proposals for joint representations by the Western powers to Bucharest on the general problem of immunity of Western nationals in diplomatic missions in Rumania. It argues that such a step would hurt its own diplomatic negotiations for the release of the employee.

4. ITALY-ETHIOPIA. Return of former Fascists in diplomatic capacity feared by Ethiopia: Ethiopia hopes the Italian Government will not be so unwise as to include on the staff of its new Embassy at Addis Ababa Italians who were in Ethiopia during the Fascist occupation. The Ethiopian Foreign Minister has found the names of Italians associated with the occupation listed among names of personnel waiting in Asmara to proceed to Addis Ababa.

Italy has informed the US that, with one exception, no Italian personnel are being sent from Asmara to Addis Ababa. (C Rome 3512, 11 Feb 52; S Addis Ababa Joint Weeka 6, 7 Feb 52; C Addis Ababa 327, 2 Feb 52)

Comment: The Italian Ministry of African Affairs, a hang-over from the Fascist regime, is now being liquidated and possibly some of its career personnel are scheduled for assignment to diplomatic missions in Ethiopia and Libya because of their experience in colonial matters. Appointments of old-time Fascists are not unlikely in view of the tendency of the Christian Democratic right wing, which dominates the government, to seek closer working relations with the neo-fascist Italian Social Movement.

SECRET

SECRET

5. SPAIN-MOROCCO. New Nationalist-Spanish talk reported: The Moroccan nationalist leader, Abd-el-Khalik Torres, is said to be optimistic regarding his 11 February conference with the Spanish High Commissioner, Lt. Gen. Garcia Valino. At this conference, the first of a series, there was reportedly discussion and "full accord" regarding (1) repeal of restrictive measures on freedom of press, public assembly, and interzonal travel; (2) release of political prisoners and readmittance of political exiles; and (3) guarantees against reprisals for future political opposition within "the projected government." [REDACTED]

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Comment: At a meeting between Garcia Valino and Torres in January, prior to the Khalifa's visit to Madrid, the Spanish High Commissioner reportedly agreed to the return of political exiles and overt nationalist political activity. What agreement, if any, was reached in Madrid between Franco and the Khalifa is not known, although the Khalifa on his return to Morocco expressed conviction of Franco's goodwill. A Spanish Foreign Ministry official has informed the US Embassy that there has been no change in Spanish policy toward Morocco and that although the Franco regime is sympathetic to Moroccan aspirations for greater autonomy, it does not believe that Morocco is ready for independence. Franco is reportedly planning a trip to the Protectorate in March or April which might provide the occasion for a public announcement regarding Spanish intentions.

6. UNITED KINGDOM. Britain recommends hands-off policy in Saar dispute: The British Foreign Office has drafted for Foreign Secretary Eden's approval a proposal that Britain and the US urge Germany and France to solve the Saar question between themselves. The Foreign Office believes that discussions with the French and Germans might result in Anglo-American commitments as well as arouse French and German resentment at being pressed into an agreement.

A Foreign Office spokesman stated that political considerations would probably not allow Chancellor Adenauer to postpone negotiations on the Saar until after the problem of Germany's status in the EDC has been settled and contractual relations have come into effect. (S London 3517, 13 Feb 52)

Comment: West German officials had suggested that the US and Britain press both Bonn and Paris for a settlement of the Saar dispute, which is a major obstacle to agreement on Germany's participation in Western defense.

7. Other sterling area countries offset improvement in British balance of trade: Improvement in the sterling area's balance of payments, expected to result from the import cuts announced by Britain on 7 November,

SECRET

18 Feb 52

SECRET

will be seriously delayed, according to the US Embassy in London. Particularly as regards the EPU deficit, the effect of these cuts thus far is diminished by continued large deficits with EPU countries on the part of the rest of the sterling area. (C London 3528, 13 Feb 52)

Comment: Last week a British Treasury official expressed confidence that the goal of balance in the last half of 1952 set by the finance ministers' conference would be attained. The UK's adverse trade balance was reduced 15 percent as a result of record exports in January, but the strengthening of sterling also depends upon concomitant action by all of the sterling area partners.

8. ARGENTINA. River Plate labor conference arouses little enthusiasm: The opening meeting of the River Plate labor conference (see OCI Daily Digest, 8 and 14 Feb 52), organized by the Argentine General Confederation of Labor, was a "complete failure." The speech by Argentina's chief delegate received scarcely any applause, and other speakers were noncommittal. In the second part of the conference Paraguay was planning to press for a committee for the unity of free trade unions aimed at world-wide participation, because it desires to diminish Argentine control.

Prior to the meeting, two Uruguayan labor leaders toured Latin America to arouse interest in the conference. Observers invited from countries outside the River Plate area were assured the same rights at the conference as official delegates, and all expenses were guaranteed by the Argentine labor confederation.

(C Asuncion 231, 13 Feb 52)

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Comment: Observers from 13 countries outside the River Plate area attended the conference. Plans for the conference were kept secret, but it appears that Argentina's main purpose was to convoke an inter-American labor conference under the River Plate label. While the meeting's success is doubtful, Argentina at least succeeded in bringing together representatives of labor unions, some of them important, from most of the Latin American countries.

9. BOLIVIA. Government anxious to reach agreement on tin. A Foreign Office official stated that because of Bolivia's deteriorating political situation, the government is anxious to reach agreement with the US on a new tin price. In view of the delay in the Bolivian Ambassador's talks with US officials, the Foreign Office has sent out a circular note to all Bolivian missions in Latin America to seek publicity decrying the delay. The note emphasized that the price of Bolivian tin must be somewhat higher than that for Malayan tin, since Britain accepted a lower price than warranted because of its need for steel, and asked that the missions

SECRET

SECRET

approach other governments to obtain assurance of a pro-Bolivian vote should the matter eventually be taken to the Organization of American States. (C La Paz 295, 14 Feb 52)

Comment: In December Bolivian diplomats were instructed to seek support for their country's position in other Latin American countries, many of whom share Bolivia's views concerning the defense of primary producers (see OCI Daily Digest, 28 Dec 51).

10. VENEZUELA: Newly organized American company seeks oil concessions on partly-nationalized basis: US Embassy officials in Caracas are apprehensive about the activities of a small group of US businessmen who have petitioned the Venezuelan Government for oil concessions and have offered that government partial control of any resulting operations. The group, which includes Eric Johnston, former head of the US Chamber of Commerce, appears to have considerable capital at its disposal and has taken the position that an arrangement such as it proposes "would be a palliative rather than a stimulus" to sentiment for nationalizing the industry.

Although there has always been a certain latent resentment of foreign control of the oil industry, Venezuelan sentiment for nationalization has never found an influential spokesman either from the right or the non-Communist left. Venezuelans have been generally satisfied with the benefits accruing to the country from the exploitation of their petroleum. The proposal for a partly-nationalized company therefore appears to be premature. There is no indication that Venezuela is particularly anxious to accept it, but any publicity for the proposal might create a compelling new focus for nationalistic sentiments hitherto directed at other problems. (Factual data from: C Caracas Desp. 1072 and 1078, 15 and 16 Jan 52)

SECRET

**TOP SECRET  
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**TOP SECRET  
SECURITY INFORMATION**

TOP SECRET

SECTION 1 (SOVIET)

1. USSR. NATO Council Deputies view Soviet policy in Germany: Neutralization of the whole of Germany and the establishment there of a government devoted to Moscow is considered by the Council Deputies of the North Atlantic Council to be the primary aim of Soviet policy towards Germany. As yet, however, the USSR has given no indication that it is willing to sacrifice effective Communist control of East Germany to secure either German unity or German neutrality.

But if they realize Germany's potential value to Soviet policy, the Soviet leaders are equally conscious of her as a potential threat. The draft report on Soviet foreign policy points out that the Soviet leaders might well regard any prospect of a rearmed united Germany, free to associate with the West, as intolerable, and they are unlikely to withdraw from the Soviet Zone on any terms involving such a threat. Therefore, the immediate aim of the USSR must be to prevent West Germany from being effectively integrated into the West European defense effort, and to this end Soviet policy will continue to exploit German fear of war and desire for unity.

Rearmament limited to West Germany is not considered likely to provoke the Soviet Government into action risking war; but it will do its utmost to prevent it by means short of war, and the undertaking must contain an element of calculated risk for the West. (TS London DEPTO 1015, 14 Feb 52)

SECTION 2 (EASTERN)

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2. 25X1C MALAYA. Chief Secretary of Federation reportedly resigns: [REDACTED] reported that Moroboe del Tufo, Chief Secretary of the [REDACTED] Federation of Malaya, has tendered his resignation. If the report is true, the government will have lost all its top level men with Malayan experience. [REDACTED] stated that Del Tufo bitterly resents having been passed over in the appointment of a Deputy High Commissioner and that in view of the clear indications that the Colonial Office does not want him, he feels that he has no choice but to resign.

The American Consul in Kuala Lumpur comments that Del Tufo's resignation may have unfortunate repercussions on the Asian community which favored his appointment as Deputy High Commissioner. (S S/S Kuala Lumpur 146, 15 Feb 52)

Comment: Neither the new High Commissioner, General Templer, nor Deputy High Commissioner MacGillavray, appointed on 4 February, have had previous experience anywhere in the Far East. Del Tufo has been in the Malayan Civil Service since 1923 and is widely regarded as having one of the best minds in the Federation. Following the assassination of High Commissioner Gurney in

TOP SECRET

18 Feb 52

TOP SECRET

October 1951, Del Tufo served as Officer Administering the Government.

3. KOREA. Aging President Rhee's re-election seen certain: Emphasizing President Rhee's diminishing "lucidity," Ambassador Muccio reports that the President's one-man conduct of government is becoming more emotional and irrational. No member of the South Korean Cabinet is willing to stand up to the President's wrath when given a "stupid order."

Muccio's anxiety over Rhee's advancing senility is accentuated by the lack of stature of potential successors, by his determination to seek re-election in June, and by the strong probability that he will win. (S S/S Pusan 804, 14 Feb 52)

4. JAPAN. Labor and Welfare Ministries to consolidate: The Japanese Cabinet has approved a plan to consolidate the Labor and Welfare Ministries. The Japanese Government intends to present the plan to the current Diet in March following SCAP approval. SCAP probably will not oppose the plan because of the imminence of Japanese sovereignty. (C S/S Tokyo 1687, 15 Feb 52)

Comment: Reduction of the Labor Ministry to a Bureau will inevitably reduce the influence of labor within the government. This plan previously has been blocked by SCAP.

5. Japanese cautious in dealing with Chinese Nationalist Government on "peace treaty:" The Chinese Nationalist Government has requested that the Japanese Government expand the authority of its plenipotentiary to permit him to sign a "peace treaty" instead of a "bilateral treaty."

A Japanese Foreign Office official told the US Political Adviser that it would be difficult to expand or change the credentials as they are already approved by the Cabinet and attested by the Emperor, and pointed out that the Japanese Government cannot go beyond the formula contained in the Yoshida letter to Dulles. (S S/S Tokyo 1699, 15 Feb 52)

Comment: The Japanese have gone to great pains to avoid the mention of "peace treaty" in reference to the coming negotiations for recognition of the Nationalist regime. This may be a hedge against possible demands of the Nationalists for benefits arising out of the San Francisco treaty, or may be designed to permit the Japanese greater freedom of action in dealing with the Communist regime in the future.

TOP SECRET

TOP SECRET

SECTION 3 (WESTERN)

6. UNITED KINGDOM. Britain favors concurrent elections in Trieste and Italy: The British Foreign Office asserts that the Zone A Trieste elections should be held concurrently with the Italian elections and under the Italian system of linking parties. Prime Minister de Gasperi will be asked to inform Britain and the US of the Italian voting date so that the Zone A Commander can then issue a date-setting proclamation.

Britain does not expect an Italo-Yugoslav settlement of the Trieste dispute and hopes that the Zone A election results will be swallowed up in the publicity about the Italian municipal elections. (S S/S London 3533, 14 Feb 52)

Comment: The British position is identical with the Allied Military Government's recommendations on the Zone A communal elections.

The Italian Government, although it prefers an indefinite postponement of the Trieste elections, is prepared to accept simultaneous voting if the Trieste elections must be held.

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